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SENSITIVE  
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DEPT FOR EAP/MLS, OES AND INL  
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JUSTICE FOR ENVIRONMENT AND NATURAL RESOURCES (JWEBB)  
EPA FOR DEPUTY ADMINISTRATOR SCOTT FULTON AND FOR INTERNATIONAL  
(MKASMAN)

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SUBJECT: THE CASE FOR INCREASED EPA ENGAGEMENT IN VIETNAM

Ref: A. 07 Hanoi 1476 (JAC) B. 08 Hanoi 1088 (JAC) C. 08 Hanoi 981  
(Industrial Zones) D. Hanoi 119 (Craft Villages) E. 08 Hanoi  
(Industrial Pollution) F. Hanoi 417 (Bauxite) G. 08 Hanoi 537  
(Climate Change) H. 07 Hanoi 1706 (MPS)

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¶1. (U) Summary: Over the past several years, U.S. Environmental Protection Agency (EPA) experts have provided critical assistance to U.S.-Vietnamese cooperation on Agent Orange/dioxin legacy issues and to the development of Vietnamese capacity to manage growing industrial pollution. Increased EPA engagement in Vietnam would better prepare the country to balance rapid economic growth with environmental protection, while promoting key U.S. environmental policy goals. These policy goals include improving U.S. human health and the environment, benefiting the environment in Vietnam and Southeast Asia, buttressing U.S. foreign policy goals, and focusing on issues key to ongoing EPA programs. Timely interventions will have practical and demonstrable impacts, while this environmental diplomacy will help the United States broaden and deepen our relationship with the Government of Vietnam (GVN) and buttress our standing with the Vietnamese people. End Summary.

#### Background

¶2. (U). With a population of 87 million, Vietnam is the 13th most populous nation on earth. As of 2008, Vietnam's per capita GDP stood at just over USD 1,000, reflecting the nation's 7.5 percent average growth from 1997-2007. Though the global economic slowdown dropped GDP growth to 6.2 percent in 2008, Vietnam is one of the few countries in the world that expects positive (though modest) economic expansion in 2009. U.S.-Vietnamese economic engagement continues to grow. The United States remains one of the largest investors in Vietnam and U.S. companies remain quite interested in Vietnam despite the global financial crisis. For the first four months of 2009, Vietnam's exports to the United States stood at USD 3.74 billion, up 0.3 percent from a year earlier. By contrast exports to the United States from every other ASEAN nation declined during the same time period. While U.S. exports to Vietnam declined in early 2009, total numbers for January to April still totaled over USD 825 million. However, in contrast to our burgeoning economic relationship, U.S. assistance to Vietnam, other than substantial funding pursuant to the President's Emergency Plan for AIDS Relief (PEPFAR) program and financial assistance for Vietnam's efforts to combat avian influenza, remains quite small. Annual non-health related U.S. assistance totals less than USD 20 million, with environmental programs a small fraction of that amount.

## Existing EPA Engagement

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13. (U) Since 1995, the EPA has provided crucial scientific and technical assistance to U.S. Agent Orange/dioxin efforts in Vietnam, one of the highest profile and most sensitive issues in the U.S.-Vietnam relationship. Currently, EPA plays a prominent role on the U.S.-Vietnam Joint Advisory Committee on Agent Orange/dioxin, which is chaired by the EPA Deputy Assistant Administrator for Science and which provides technical and scientific advice to policy makers on possible environmental remediation and health projects (Refs A and B). With funding from the U.S.-Asia Environmental Partnership, EPA has supported GVN efforts to develop a PCB management plan and provided related safety training. More recently, EPA experts have traveled to Vietnam to provide technical assistance to Vietnamese efforts to reduce methane emissions from landfills and agriculture as part of the Methane to Markets program.

### Where Can EPA Help: Effects from Unchecked Economic Growth and Industrialization

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14. (U) Fueled by rapid economic growth, urbanization and industrialization, and exacerbated by poor planning, weak or un-enforced laws, and a lack of capacity and attention to environmental threats by central and local authorities, Vietnam now faces serious environmental problems in a broad range of areas. In most cities, every form of infrastructure or service delivery lags significantly behind growing demand, including water, sanitation, sewage collection and treatment, solid waste collection and disposal, road networks and public transportation. Industrial Parks, Export Processing Zones, and Craft Villages, while fueling much of the country's rapid growth, are polluting soil, water, and air at unprecedented rates (Refs C, D and E). Surpassing the GVN's ability

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to implement an effective governance and regulatory framework, these industrial areas have caused unmitigated damage to aquatic ecosystems and human health, the economic impacts of which the country will suffer for the foreseeable future. At the same time, Vietnam's limited capacity to manage its natural resources has led to poor environmental conditions in the extractive industries, such as coal and bauxite mining (Ref F).

### Where Can EPA Help: Climate Change Adaptation and Mitigation

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15. (U) A 2007 World Bank study listed Vietnam as one of the top five countries most at risk from sea level rise. Already, Vietnam has witnessed increased temperatures and rising sea levels. Experts agree that climate change will affect Vietnam in many forms, including more frequent and intense floods, droughts, and typhoons; altered river flows; changing habitat and wildlife community structures and migrations; ocean acidification and temperature effects on fisheries; and sea-level rise (Ref G). According to the World Bank report, a one meter rise in sea levels in Vietnam would result in a 10 percent decline in GDP, dislocate 11 percent of the population, and submerge 7 percent of agricultural land and 28 percent of the nation's wetlands. Though starting from a low base, Vietnamese greenhouse gas emissions are increasing rapidly. According to the UNDP Human Development Report 2007/08, Vietnamese CO2 emissions increased from 0.3 tons per capita in 1990 to 1.2 tons per capita in 2004, a 400 percent increase. The 25.8 percent annual growth rate was three times that of China and 12 times higher than the average world growth rate. As Vietnam's need for energy grows, it will utilize more and more fossil fuels. As a result, the Vietnamese Ministry of Natural Resources and Environment (MONRE) predicts CO2 emissions of 268 million tons by 2020.

### Where Can EPA Help: Water

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16. (U) Vietnamese water sources have become increasingly polluted

with most lakes and canals in urban areas becoming sewage sinks, a problem compounded by the discharge of untreated wastewater from the growing number of Industrial Parks, Export Processing Zones, and Craft Villages. Thousands of these industries discharge hundreds of thousands of cubic meters of wastewater containing thousands of tons of industrial waste each day. Nationally, less than 5 percent of industrial wastewater is treated. Several water segments have been declared virtually dead, with high BOD5 loads, hazardous and toxic chemicals, heavy metals, and pathogens. Agriculture and aquaculture contribute to these loads, as do medical, industrial (including toxic materials) and solid wastes and generally inadequate systems for collection, treatment, and disposal. The economic, health, and environmental costs of water pollution are significant. Outbreaks of cholera, typhoid, dysentery, and malaria in a recent four-year period resulted in six million cases and medical costs of at least USD 22 million. Within Vietnam, diarrheal disease is the second leading cause of child mortality in the country. High levels of arsenic, nitrates, heavy metals, and pathogenic bacteria are routinely found in drinking water throughout the country. In June 2008, WHO reported that 20,000 people die each year in Vietnam from contaminated water and poor sanitation.

Meeting EPA Goals:  
Improving U.S. Health and Environment  
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17. (U) Limiting industrial discharges will help lessen pollution in the agricultural sector, which will in turn improve food safety domestically and in products exported to the United States, such as fruits, fish and seafood. Discharges of certain toxic chemicals and heavy metals (including airborne mercury emissions from Vietnam's rapidly expanding number of coal fired power plants), cause impacts beyond Vietnam's borders and similar pollutants released into the environment from Asia have been detected in the United States. Efforts to reduce these emissions, therefore, will limit their presence in the United States. EPA climate change mitigation support will help limit Vietnam's greenhouse gas emissions, thereby making a contribution to reducing the rate of global warming, which benefits all countries. Vietnam's eagerness to address climate change and its established history as a good partner on other global issues (such as its model response to avian influenza) make it an excellent candidate to serve as a laboratory for mitigation and adaptation efforts that can then be transferred to the United States. For example, the U.S. Geological Survey-supported Delta

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Research and Global Observation Network (DRAGON) program has opened an Institute at Can Tho University that will study the impacts of climate change on the Mekong Delta with the explicit goal to then use that information to help guide U.S. responses to climate change in the geologically similar Mississippi Delta.

Meeting EPA Goals: Benefiting the Environment  
in Vietnam and Southeast Asia  
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18. (SBU) EPA assistance can lead to direct and quantifiable environmental benefits within Vietnam. Reduced air, water and solid waste emissions will lessen the nation's pollution burden, improve people's health, and provide long-term economic benefits. Assisting Vietnam to develop and implement regulations and policies in a transparent manner will increase public awareness and acceptance of new environmental controls. This should buttress civil society's ability to monitor environmental compliance, while making it easier for regulated entities to understand the applicable regulatory regime. Techniques and technologies piloted in Vietnam then can be expanded for use in other Southeast Asian nations, while better Vietnamese environmental practices could reduce downstream water impacts (for example, preventing or limiting industrial discharges from bauxite mining/alumina production in the Central Highlands from entering the Sre Pok river basin, which flows into Cambodia).

Meeting EPA Goals: Buttressing U.S. Foreign Policy  
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19. (SBU) Continued assistance on dioxin-related programs will assist

the United States remove one of the final barriers to full and warm relations with Vietnam. Improved GVN and provincial environmental management, monitoring and enforcement capacity will force polluting industries to upgrade their environmental practices, expanding markets for U.S. exporters of energy efficient production technologies and environmentally friendly equipment and services. Environmental partnerships in Vietnam on dioxin and pollution control allow the United States to partner with ministries normally less willing to work with Americans - the Ministries of Defense and Public Security (Ref H). By establishing confidence and trust with these entities through environmental cooperation, we can overcome many of their lingering suspicions of U.S. intentions and build cooperation in those agencies core competencies, military affairs and law enforcement. Public opinion polls already show that USAID and EPA-led dioxin efforts have resonated with the Vietnamese public. Given the state-controlled media's recent focus on environmental issues, EPA activities in Vietnam will receive broad local coverage, further boosting the image of the United States with the Vietnamese people.

Meeting EPA Goals:  
Focusing on Issues Key to Ongoing EPA Programs  
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¶10. (U) The issues of greatest importance in Vietnam - reducing the effects of industrial pollution, safeguarding public health, responding to climate change, preserving natural resources, and improving environmental management - each match EPA domestic and international priorities. For example, Vietnam repeatedly has noted its willingness to join international greenhouse gas mitigation efforts. EPA could assist Vietnam's efforts to monitor, report, and verify (MRV) greenhouse gas emissions and reductions. Our Vietnamese interlocutors note their openness to expanded participation in the U.S.-led Methane to Markets initiative. Pollution control activities directly promote public health, particularly among the millions of Vietnamese children affected by exposure to growing numbers of industrial emissions and other pollutants. Given the large number of Vietnamese who still rely upon coal or biomass for cooking and to heat their homes, boosting Vietnamese participation in the Partnership for Clean Indoor Air (PCIA) would limit health risks from carbon monoxide, pollutants and other particulate matter.

Now Is the Right Time to Engage  
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¶11. (U) Reflecting continued economic growth despite the global financial crisis, the GVN aims to enter the ranks of middle-income developing countries by 2010 and achieve industrialized country status by 2020. Goldman Sachs recently predicted that by 2020 Vietnam would enjoy a higher per capita GDP than Indonesia and the Philippines. Vietnamese industry and power generation will explode

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to support this sustained economic growth. Therefore, now is the time to intervene in Vietnam - before the need to spend greater amounts to remediate, retrofit and adapt. The United States can help Vietnam get it right the first time by working to increase the efficiency of energy generation and reduce industrial and extractive emissions before they reach problematic levels.

EPA Engagement Complements  
Other U.S. and Donor Initiatives  
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¶12. (U) Aside from building on its earlier dioxin and PCB control efforts, EPA assistance on water, pollution management, natural resource conservation, climate change and environmental management would dovetail nicely with planned USAID initiatives, including regional programs in clean energy and environmental governance, as well as activities under USAID/Vietnam's first five year environmental strategy which is expected to be completed this year. EPA engagement also would complement efforts from other donors, many of which have initiated projects in the areas of reducing industrial pollution and wastewater treatment, while filling the gaps in area without strong international donor support. Finally, EPA programs

in Vietnam could build upon its work in other Asian countries, such as medical waste management (China), toxic waste control (India) and cleaner fuel and vehicles (Indonesia).

#### How Can EPA Assist?

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¶13. (U) EPA expertise can assist Vietnam in a variety of ways, from formal bilateral agreements to informal cooperation. The GVN repeatedly has told the Embassy that it views the EPA as the gold standard for environmental management and would agree to work together in many different areas. Alone or in partnership with other USG agencies, donors or NGOs, EPA can provide: training and workshops on hazards and risks; assistance developing a fully-functioning regulatory regime and preparing pollution inventories; technical assistance for amendments to relevant environmental laws and regulations; training and technology transfer; transfer of incentive and enforcement tools; and community outreach. Given the GVN desire to cooperate with EPA across such a broad spectrum of ideas, we believe Vietnam can serve a laboratory for EPA to pilot new initiatives or approaches to environmental concerns.

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